

**DIA & DOS review(s) completed.**

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GENERAL

1. No recent Soviet-Chinese negotiations on Manchurian assets--Chinese Foreign Office officials have informed Embassy Nanking that "no authoritative discussions regarding Soviet-Manchurian trade" have occurred since the Chinese capital moved to Nanking, and that T.Y. Soong must have been thinking of inconclusive discussions that took place last March when he indicated to the Embassy that the USSR was negotiating with China regarding "war booty" not yet removed from Manchuria

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2. Withdrawal of Soviet railroad officials from Mukden--Embassy Nanking reports a feeling of "suppressed nervousness" in the Chinese Foreign Office over the implications of the present withdrawal of Soviet railroad officials from Mukden, which the Foreign Office "rightly" regards as a significant Soviet gesture of dissatisfaction. (On 20 October the Embassy reported that the Chinese Foreign Minister, in an interview with the Soviet Ambassador, had expressed the hope that no withdrawal would take place, "in view of the desirability of China and the USSR working out their joint problems satisfactorily.")

## EUROPE

3. USSR: MA views Stalin interview as tactical maneuver--US Military Attaché Moscow interprets Stalin's replies to the questions submitted by the United Press as a tactical maneuver designed to weaken hostile opinion in the US and soften opposition in the UN. The MA believes the Kremlin has been slow to recognize the extent of popular US reaction against Soviet policies and propaganda, but now is becoming alarmed over the effect of public opinion in sustaining US military preparedness and supporting a firm anti-Soviet policy.
4. BULGARIA: Election results--According to US Representative Barnes in Sofia, the tentative returns from the 27 October elections (Communist 2,265,405, other Fatherland Front parties 718,851 and Opposition groups 1,231,637) definitely establish the "fact of a strong, healthy opposition" and "dispel the myth of the so-called Fatherland Front Government," which should now be considered as a Communist Government. Barnes believes that the Communists received 1,000,000 votes from those who

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traditionally vote for the party in power and another 500,000 as a result of fraud and intimidation. Barnes, therefore, estimates that the Communists actually number approximately 800,000.

5. FRANCE: Possible effect of economic crisis--Caffery reports that the current grave financial, economic, and food crisis has so depressed French morale that it is now probably lower than at any time since the liberation. Caffery adds that, as a result, "some thinking Frenchmen of different political views" are beginning to feel that "for the present," because democracy has apparently not produced results, some form of "authoritarian government" is needed, possibly either a dictatorship by the Communist party or an authoritarian regime under de Gaulle. Caffery feels that most Frenchmen, if forced to choose between the two, would "unquestionably" pick de Gaulle.

Views of Bidault on post-election government--Caffery reports evidence that, despite the recent anti-Communist line of the MRP, Bidault believes it would be "difficult, if not impossible," to exclude the Communists from the Government after the 10 November elections. Caffery adds that Bidault, because of the great unpopularity of the present "tripartite" regime, is "toying with the idea" of proposing a "quadrupartite" government to include the Radical-Socialists.

6. SPAIN: Monarchists and Leftists negotiating--A high British Foreign Office representative has told Gallman that the Spanish pretender Don Juan and "all" representatives of the CNT (suppressed anarcho-syndicalist labor organization) and of other leftist groups within Spain have agreed in Lisbon on a program for a post-Franco Spain. They have not, however, ascertained the attitude of Spanish Army leaders. The British official declared that "nothing may come of this move" but described the apparent rapprochement as "encouraging."

7. POLAND: Communist plans against Catholic Church--US Military At-tache Warsaw reports that, [redacted]

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[redacted] the Polish Communist Politburo decided at a recent meeting to wait until after the elections before starting a vigorous campaign against the Catholic Church. Measures contemplated against the Church include "parcelling" and taxation of Church properties, a ban on political statements from the pulpit, taxation of Church offerings and

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divorce of the Church from all schools. The MA believes that armed conflict could result from such a program against the Church.

FAR EAST

8. CHINA: Military drives threaten peace negotiations--US Military Attaché Nanking reports that the "accelerated tempo" of both Communist and Nationalist military activity casts an "ominous shadow" over the peace negotiations in Nanking which currently are in the "hard bargaining" stage.

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